
Park Vista: State of the Union

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Citizen Housing Corporation Board

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Overview

Background

Current State

Future Challenges

Options

Request of City Council

Park Vista Background

- Senior living facility owned by the City of El Segundo
- Built in 1987
- 97 residential units
- Rent for **new** rentals at 60% of market rate per month
 - 1 bedroom monthly = now \$1,635.00 vs \$1,487.00 in 2024 vs \$1,486.00 in 2023, \$1,152.00 in 2022
 - Studio monthly = now \$1,295.00 vs \$1,039.00 in 2024 vs \$1,039.00/month in 2023, \$846.00 in 2022.
- On average 5-7 units turn each year
- Approximately 70% of 97 units not paying 50% of market rates.

Park Vista Background (2)

- Recently, rent increases of 2% have been passed annually The last instruction from City Council was an automatic 2% increase a year.
- Wait list of over 75 people
- What is the purpose of Park Vista?

1. Board Bylaws

Provide affordable housing opportunities for El Segundo Seniors

Promote the common good and general welfare of Senior Residents of the City of El Segundo

2. Plan of Operations

Provide a Quality Living Opportunity at an Affordable Cost

Current State

The Good News?

- Following an October Property Condition Assessment of Park Vista the City prepared a 20-year forecast showing Park Vista would be financially stable through 2045

The Catch?

- The forecast was conditioned on: 1) continued 2% annual rental raises for current senior residents; and 2) a continuing annual contribution of \$200k from the City to the City's 504 Fund for Senior Housing
- Without the contributions Park Vista is operating in the red by 2040

Future Challenges 1

- The cost of capital expenditures, building maintenance, and building materials has gone up substantially from year to year.
- Beginning in 2029 projected capital expenditures per year range from \$200k - \$765k a year.
- Despite conservative projections unforeseen operational cost increases for things like upgraded security and insurance in California's volatile insurance market eat into the projected Park Vista budget/forecast.
- \$50,000.00 projected as a place holder for 2026 is already earmarked for improvements to the buildings gated entry, security, etc.

Future Challenges 2

- Over the past few years the Board has recommended that the City charge new tenants 60% of market rates for like units.
- Even with the staggering increase in the rental market prices in El Segundo and the South Bay the Board believes that 65% of market rate is needed to continue to operate Park Vista as planned.
- Per the Plan of Operations Park Vista is supposed to 1) operate off its own rental income; and 2) hold a replacement reserve of 10% of operating expense + 2 years of capital.
- Lately we're seeing more frequently El Segundo senior residents pass on moving into Park Vista because they "can't afford it" or its "too expensive."

OPTIONS

Financials 1 - assumes 2% CPI and \$200K from the City-held 504 funds annually

Park Vista 20-year Forecast (Scenario: \$200k annual contribution from GF 2026, 2% CPI Rent Increase)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Revenue	\$1,176,746	\$1,231,567	\$1,287,484	\$1,307,320	\$1,367,896	\$1,430,836	\$1,495,035	\$1,560,517	\$1,624,910	\$1,693,038	\$1,762,529	\$1,833,409	\$1,905,708	\$1,979,452	\$2,054,671	\$2,131,394	\$2,209,652	\$2,289,475	\$2,370,895	\$2,453,942
Expenses	(\$956,315)	(\$990,363)	(\$1,017,849)	(\$1,065,933)	(\$1,105,602)	(\$1,146,924)	(\$1,189,975)	(\$1,234,831)	(\$1,281,575)	(\$1,330,314)	(\$1,381,091)	(\$1,434,017)	(\$1,489,350)	(\$1,547,042)	(\$1,611,413)	(\$1,670,159)	(\$1,735,710)	(\$1,803,786)	(\$1,873,787)	(\$1,946,804)
Net	\$220,431	\$241,204	\$259,636	\$241,386	\$262,294	\$283,912	\$305,060	\$325,686	\$343,335	\$362,724	\$381,438	\$399,392	\$416,357	\$432,410	\$443,258	\$461,235	\$473,942	\$485,689	\$497,112	\$507,138
Capital Expense	(\$50,000)	(\$50,000)	(\$50,000)	(\$365,922)	(\$584,733)	(\$863,465)	(\$765,332)	(\$464,325)	(\$387,059)	(\$228,878)	(\$229,705)	(\$270,249)	(\$292,639)	(\$232,415)	(\$120,430)	(\$268,306)	(\$281,830)	(\$290,482)	(\$200,000)	(\$200,000)
Transfer in From Fund 504	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return to Equity	\$170,431	\$191,204	\$209,636	(\$124,536)	(\$322,439)	(\$579,553)	(\$460,272)	(\$138,639)	(\$43,724)	\$133,896	\$151,733	\$129,143	\$123,718	\$199,995	\$122,828	\$192,929	\$192,112	\$195,207	\$297,112	\$307,138
Beginning Equity	\$2,344,408	\$2,514,838	\$2,706,043	\$2,915,678	\$2,791,142	\$2,468,704	\$1,889,151	\$1,428,879	\$1,290,240	\$1,246,516	\$1,380,412	\$1,532,146	\$1,661,289	\$1,785,007	\$1,985,002	\$2,107,830	\$2,300,758	\$2,492,870	\$2,688,077	\$2,985,189
Ending Equity	\$2,514,838	\$2,706,043	\$2,915,678	\$2,791,142	\$2,468,704	\$1,889,151	\$1,428,879	\$1,290,240	\$1,246,516	\$1,380,412	\$1,532,146	\$1,661,289	\$1,785,007	\$1,985,002	\$2,107,830	\$2,300,758	\$2,492,870	\$2,688,077	\$2,985,189	\$3,292,327
Transfer in From Fund 001	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916	\$1,480,916
Total Funds Available to Park Vista	\$3,995,754	\$4,186,959	\$4,396,594	\$4,272,058	\$3,949,620	\$3,370,067	\$2,909,795	\$2,771,156	\$2,727,432	\$2,861,328	\$3,013,062	\$3,142,205	\$3,265,923	\$3,465,918	\$3,588,746	\$3,781,674	\$3,973,786	\$4,168,993	\$4,466,105	\$4,773,243
Recommended Reserve: 10% of operating expense + 2 years of capital	\$195,632	\$199,036	\$518,707	\$1,057,248	\$1,558,758	\$1,743,489	\$1,348,654	\$974,867	\$744,044	\$591,564	\$638,063	\$706,290	\$673,989	\$707,549	\$749,877	\$717,152	\$455,401	\$470,861	\$387,378	\$394,680
Over or (under) recommended reserves	\$3,800,123	\$3,987,922	\$3,877,887	\$3,214,810	\$2,390,862	\$1,626,577	\$1,561,140	\$1,796,289	\$1,983,388	\$2,269,764	\$2,374,999	\$2,435,915	\$2,591,934	\$2,758,369	\$2,838,868	\$3,064,522	\$3,518,385	\$3,698,132	\$4,078,727	\$4,378,563

Revenue Assumptions: 2% increase in rents (2022-2045), 2% in parking fee every year, 4 units turning over per year & new tenants assessed at 65% of market rate beginning in 2023 (2023 - 2042)

Expense Assumptions: 2% annual increase for management contract, 3% for utilities (water at 5%), 5% for all other expenses

Capital Assumptions Based on the City's independent facility assessment plan of Park Vista, conducted by the City's Public Works Department

Financials 2 - assumes 0% CPI and \$0 annual contribution from the City-held 504 funds

Park Vista 20-year Forecast (Scenario: \$0 annual contribution from GF 2026 to 2045 and 0% CPI Rent Increase)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Revenue	\$1,176,746	\$1,209,551	\$1,242,364	\$1,237,985	\$1,273,215	\$1,309,653	\$1,346,101	\$1,382,557	\$1,416,622	\$1,453,096	\$1,489,581	\$1,526,074	\$1,562,578	\$1,599,091	\$1,635,615	\$1,672,150	\$1,708,695	\$1,745,251	\$1,781,818	\$1,818,396
Expenses	(\$956,315)	(\$990,363)	(\$1,027,849)	(\$1,065,933)	(\$1,105,602)	(\$1,146,924)	(\$1,189,975)	(\$1,234,831)	(\$1,281,575)	(\$1,330,314)	(\$1,381,091)	(\$1,434,017)	(\$1,489,350)	(\$1,547,042)	(\$1,611,413)	(\$1,670,159)	(\$1,735,710)	(\$1,803,286)	(\$1,873,782)	(\$1,946,804)
Net	\$220,431	\$219,188	\$214,515	\$172,052	\$167,613	\$162,729	\$156,126	\$147,726	\$135,047	\$122,783	\$108,490	\$92,057	\$73,228	\$52,050	\$24,202	\$1,990	(\$27,015)	(\$58,536)	(\$91,964)	(\$128,408)
Capital Expense	(\$50,000)	(\$50,000)	(\$50,000)	(\$365,922)	(\$584,733)	(\$863,465)	(\$765,332)	(\$464,325)	(\$387,059)	(\$228,828)	(\$219,705)	(\$270,249)	(\$292,639)	(\$212,415)	(\$320,430)	(\$268,306)	(\$281,830)	(\$290,482)	(\$200,000)	(\$200,000)
Transfer in From Fund 504	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,453	\$219,411	\$180,366	\$296,227	\$266,316	\$272,143	\$0	\$0	\$0
Return to Equity	\$170,431	\$169,188	\$164,515	(\$193,870)	(\$417,120)	(\$700,736)	(\$609,206)	(\$316,599)	(\$252,012)	(\$106,045)	(\$121,215)	(\$131,739)	\$0	\$1	(\$1)	\$0	(\$36,702)	(\$349,018)	(\$291,964)	(\$328,408)
Beginning Equity	\$2,344,408	\$2,514,838	\$2,684,027	\$2,848,542	\$2,654,672	\$2,237,552	\$1,536,817	\$927,610	\$611,011	\$359,000	\$252,954	\$131,739	(\$0)	(\$0)	\$0	(\$0)	\$0	(\$36,702)	(\$385,720)	(\$677,684)
Ending Equity	\$2,514,838	\$2,684,027	\$2,848,542	\$2,654,672	\$2,237,552	\$1,536,817	\$927,610	\$611,011	\$359,000	\$252,954	\$131,739	(\$0)	(\$0)	\$0	(\$0)	\$0	(\$36,702)	(\$385,720)	(\$677,684)	(\$1,006,092)
Transfer in From Fund 001	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,280,916	\$1,234,463	\$1,015,052	\$834,686	\$538,459	\$272,143	\$0	\$0	\$0	\$0
Total Funds Available to Park Vista	\$3,795,754	\$3,964,943	\$4,129,458	\$3,935,588	\$3,518,468	\$2,817,733	\$2,208,526	\$1,891,927	\$1,639,916	\$1,533,870	\$1,412,655	\$1,234,463	\$1,015,052	\$834,686	\$538,459	\$272,143	(\$36,702)	(\$385,720)	(\$677,684)	(\$1,006,092)
Recommended Reserve: 10% of operating expense + 2 years of capital	\$195,632	\$199,036	\$518,707	\$1,057,248	\$1,558,758	\$1,743,489	\$1,348,654	\$974,867	\$744,044	\$591,564	\$638,063	\$706,290	\$673,989	\$707,549	\$749,877	\$717,152	\$455,401	\$470,861	\$387,378	\$394,680
Over or (under) recommended reserves	\$3,600,123	\$3,765,906	\$3,610,751	\$2,878,340	\$1,959,710	\$1,074,243	\$859,872	\$917,060	\$895,871	\$942,306	\$774,592	\$528,173	\$341,062	\$127,137	(\$211,419)	(\$445,009)	(\$492,103)	(\$856,581)	(\$1,065,062)	(\$1,400,772)

Revenue Assumptions: 0% increase in rents (2022-2045), 2% in parking fee every year, 4 units turning over per year & new tenants assessed at 65% of market rate beginning in 2023 (2023 - 2045)

Expense Assumptions: 2% annual increase for management contract, 3% for utilities (water at 5%), 5% for all other expenses

Capital Assumptions: Based on the City's independent facility assessment plan of Park Vista; conducted by the City's Public Works Department

Request of City Council

- Stay the Course:
 - 1) Continue to raise current tenant rental rates at 2% a year;
 - 2) Continue to charge new tenants 60% of current market rates;
 - 3) Continue to contribute \$200k to the City's 504 Fund for Senior Housing.
- Evaluate from year-to-year whether Park Vista can provide "more affordable" housing opportunities by discontinuing current tenant rental rate increases, lowering the percentage of market rate charged to new tenants, etc.